



<b>Combined Authority Board</b>	Agenda Item
<b>31 January 2024</b>	<b>10</b>

Title:	Draft 2024/25 Corporate Strategy and budget and Medium-Term Financial Plan 2024/2028
Report of:	Kate McFarlane, Director of Policy and Engagement and Nick Bell, Executive Director (Resources & Performance)
Lead Member:	Mayor Dr Nik Johnson
Public Report:	Yes
Key Decision:	No
Voting Arrangements:	A two thirds majority of Board Members is required to approve the Budget

<b>Recommendations:</b>	
A	Note the consultation feedback received during the consultation period running from 30 <sup>th</sup> November 2023 to 15 <sup>th</sup> January 2024
B	Approve the draft Corporate Strategy following the refresh subject to the inclusion of the final financial information once the budget is approved.
C	Approve the Draft Budget for 2024-25 and the Medium-Term Financial Plan 2024-25 to 2027-28 as contained in Appendices C and D
D	Delegate any minor changes required to the budget to the Executive Director of Resources and Performance.

<b>Strategic Objective(s):</b>	
The proposals within this report fit under the following strategic objective(s):	
x	Achieving ambitious skills and employment opportunities
x	Achieving good growth
x	Increased connectivity
x	Enabling resilient communities
x	Achieving Best Value and High Performance

<b>1. Purpose</b>	
1.1	This paper sets out the draft Corporate Strategy following refresh and consultation with Overview & Scrutiny and the Business Board as well as the proposed Combined Authority draft Budget for 2024-25 and the Medium-Term Financial Plan (MTFP) and Capital Programme for the period 2024-25 to 2027-28.

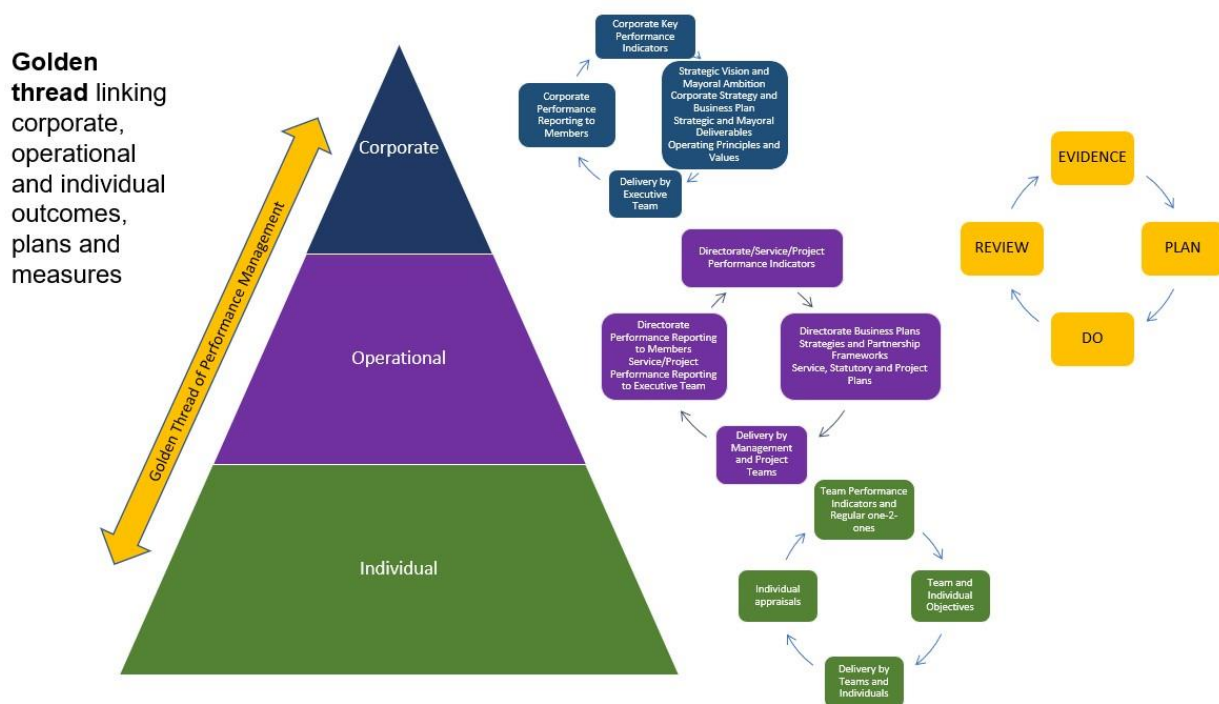
1.2	The current Corporate Strategy was adopted by the Combined Authority in January 2023. Whilst there is no statutory requirement to update and refresh the Corporate Strategy on an annual basis, it is considered good practice to do so and for the strategic objectives in the Corporate Strategy to drive investments and resource allocation in the MTFP.
1.3	According to Chapter 4 of the Constitution, functions reserved to the Combined Authority Board include the adoption of the non-mayoral Combined Authority budgets, the Medium-Term Financial Plan and Capital Programme and fiscal strategy to reflect any taxation proposals such as local taxation.
1.4	Chapter 7 of the Constitution sets out the Budget Framework Procedure rules including how the Combined Authority will make decisions on the budget. This includes both the Mayoral budget (which is included elsewhere on the Agenda for the Board meeting) and the Combined Authority budget.
1.5	The paper also includes the responses to the consultation on the Medium Term Financial Plan, which commenced on the 30 <sup>th</sup> November 2023 and concluded on the 15 <sup>th</sup> January 2024.

## 2. Proposal

2.1	According to the Constitution, 'Before 1 February, having taken into account the draft Budget, the consultation responses, and any other relevant factors, the proposed Budget for the following financial year, including the Mayor's Budget, should be submitted to the Combined Authority Board'
2.2	Whilst there is no requirement in the Finance Order 2017 for the Combined Authority to consult on its budget, Local Authorities have a duty to consult where its decision will impact residents.
2.3	<b>CORPORATE STRATEGY</b>
2.4	As considerable work was undertaken to develop the current two-year, transitional Corporate Strategy adopted in January 2023 the Combined Authority Board agreed in September 2023 that, whilst it was important to align the processes for determining the Corporate Strategy and MTFP for the first time, the focus on the Corporate Strategy would be more of a refresh of the existing Corporate Strategy rather than a more fundamental review.
2.5	The existing <a href="#">2023-2025 Corporate Strategy</a> has at its heart the vision of delivering " <i>A prosperous and sustainable Cambridgeshire and Peterborough. Driven by our values and using our collective voice and strengths, we seek inclusive good growth for an equitable, resilient, healthier and connected region</i> ". The strategy includes the strategic priorities of: <ul style="list-style-type: none"> <li>• Achieving Good Growth</li> <li>• Increasing Connectivity</li> <li>• Ambitious Skills and Employment Opportunities</li> <li>• Enabling Resilient Communities</li> <li>• Achieving Best Value and High Performance (approved by the Board in May 2023)</li> </ul>
2.6	The Mayoral Ambition Statement which currently sits separately to the existing Corporate Strategy seeks to deliver " <i>a healthier and more prosperous Combined Authority region Mayor</i> " with the Mayor aiming to " <i>leave a lasting legacy that continues for years to come, that enables improved life expectancy and those additional years lived to be in good health and wealth. Reduced inequality, sustainable growth, more active communities and a region that celebrates and further enhances its uniqueness on the local and global stage, will be the enduring impact</i> ". The Mayor's four pledges are: <ul style="list-style-type: none"> <li>• A Locally determined, innovative, and public transport system that is fit for the future</li> <li>• Promote, protect and grow our unique Fens</li> <li>• Creating a strong sense of place and cultural identity for our region</li> <li>• Working with ICS to support the delivery of better health outcomes and address health inequalities in our region</li> </ul>
2.7	The refreshed draft Corporate Strategy, can be found at Appendix A. The corporate priorities and Mayoral ambition remain unchanged, as do the operating principles which define how we work as an

organisation, with partners and the wider Region. Strong partnership working and delivery is a key component to enabling this strategy to be successfully delivered. Additionally, the Combined Authority seeks to celebrate and confirm its own role, principles and values as well as the role and contribution of our key partners. Collectively we will achieve the strategic priorities and outcomes through coordination, delivery and influence of the key deliverables.

2.8 The Corporate Strategy sets the important “Golden Thread” that links together corporate priorities with operational activity delivered by Directorates, teams and individuals as shown in the diagram below. This ensures all activities, at all levels of the Combined Authority are aligned to our Corporate Strategy, with the delivery of progress reported in line with the recently adopted Performance Management Framework via quarterly performance reporting to the Board.



2.9 The refreshed draft Corporate Strategy has been developed following:

- **A high-level review of the existing Corporate Strategy:** including consideration of political, economic, social, technological, legal and environmental (PESTLE) factors from a national, regional and organisational perspective. With input on these from the Board at the Corporate Strategy and MTFP workshop on the 18<sup>th</sup> October 2023 and at the Leaders Strategy meeting on the 8<sup>th</sup> November 2023.
- **Six-month progress review of delivery of Corporate Strategy priorities and deliverables :** This has taken the form of RAG rating activities outlined in the current Directorate Business Plans which articulate in more detail how the Combined Authority will deliver the Corporate Strategy priorities, which Directorate and team is responsible along with key milestones.
- **Reframing the 2024/25 Corporate Strategy and Mayoral ambitions:**
  - a) To ensure the Corporate Strategy is more accessible; this follows feedback from both Scrutiny Committee and findings from the recently external review of communications and engagement.
  - b) To better describe the role of the Combined Authority and the Mayor, including the better integration of the Mayoral Pledges.
  - c) Inclusion of the Strategic Objective "Achieving Best Value and High Performance" which was adopted by the Combined Authority Board in May 2023 and inclusion of the next phase of continuous improvement and organisational development as we strive to move from good to great.
  - d) To ensure a clearer articulation of our equality, diversity and inclusion focus following engagement with the Equality & Human Rights Commission (EHRC)

	<p>e) Greater clarity on what the Combined Authority intends to deliver through to the new Mayoral term (until May 2025).</p> <p>f) Alignment of outcome measures to the metrics included with in the Performance Management Framework adopted by the Board as part of the Single Assurance Framework at its meeting in September 2023.</p> <ul style="list-style-type: none"> <li>• <b>Consultation Feedback:</b> Whilst there is no statutory requirement to consult on the Corporate Strategy, in line with our ongoing commitment to engagement we have proactively sought views to help shape our priorities and activities alongside the MTFP. Overview and Scrutiny Committee and the Business Board have also had the opportunity to feed into the development of the Corporate Strategy at their meetings on the 9<sup>th</sup> and 15<sup>th</sup> January 2024 respectively. Details on the consultation activity and findings can be found in paragraphs 2.53 to 2.54 and in full at Appendix G.</li> <li>• <b>Revising Directorate Business Plans for 2024/25:</b> Work continues to revise the plans by mid-March 2024. These will, in turn, inform individual objective setting which is to be completed by the end of April 2024 as part of the Learning, Excellence, Achievement, Performance (LEAP) performance cycle.</li> </ul>
2.10	<p>A high-level overview of activity against each of the Corporate Strategy priorities and Mayoral ambitions is shown in diagram 2 below. The financial sections of this draft document are subject to further change to ensure full alignment with decisions made by the Combined Authority Board during the budget and MTFP item. The final document will be published and accessible to all.</p>

# Corporate Strategy Map 2023-25

To have a healthier and more prosperous Combined Authority

A prosperous and more sustainable Cambridgeshire and Peterborough. Driven by our values and using our collective voice and strengths, we seek inclusive good growth for an equitable, resilient, healthier and connected region.

## Achieving Good Growth

A strong and sustainable economy that is socially inclusive, environmentally responsible and globally competitive

- Reduced inequality
- Increased productivity

## Ambitious Skills & Employment Opportunities

World-class skills system that meets the needs of learners, employers & communities

- Socially inclusive, environmentally sustainable & globally competitive workforce
- Ability to adapt and seize opportunities for growth without leaving anyone behind

## Enabling Resilient Growth

A great place to live and work

- Communities that are adaptable to environmental and climate, financial and social crises
- Diverse opportunities to engage with culture

## Improving Connectivity

Digital and physical connections to communities, education, health services, leisure, nature, and employment

- Reduced need to travel

Promote, protect and grow our unique Fens

- Adapting water management
- Delivering water infrastructure
- Investing in market towns
- Providing innovation funding to farmers

- Addressing the skills needs of people from least advantaged communities

- Supporting sustainable agriculture

- Improving connections between rural areas, towns and cities

A locally determined, innovative public transport system that is fit for the future

- Developing Peterborough Station Quarter

- Enabling people from less advantaged backgrounds to travel to jobs and learning opportunities

- Addressing how climate change is affecting our roads

- Reducing bus fares for young people
- Reviewing and improving bus services
- Supporting rail and station improvements
- Developing transport plans, schemes and initiatives

Working with Integrated Care System to support the delivery of better health outcomes & address health inequalities in the region

- Addressing infrastructure barriers to growth
- Supporting businesses to transition to low carbon economy

- Supporting people with disabilities and long-term health issues to thrive at work
- Developing a Health and Work Strategy to address economic inactivity and productivity challenges

- Leading action to mitigate and adapt to climate change
- Developing a Local Nature Recovery Strategy to improve biodiversity
- Retrofitting homes and village halls
- Decarbonising public sector buildings

- Supporting infrastructure for cyclists & pedestrians
- Supporting road safety improvements
- Developing plans to support alternative fuel use and electric vehicles

Creating a strong sense of place and cultural identity for our region

- Promoting the region to potential investors
- Delivering funding for communities and places
- Supporting businesses to start-up, innovate & grow
- Supporting creative industries & social enterprises
- Growing ARU Peterborough, the city's university
- Developing economic and internationalisation strategies

- Increasing apprenticeship opportunities for young people from less advantaged backgrounds
- Developing workforce capability and connecting employers with talent
- Delivering adult education and careers support
- Supporting learning providers
- Providing strategic leadership for the skills system

- Developing a Local Area Energy Plan
- Delivering affordable homes
- Creating vibrant high streets
- Supporting opportunities for people to engage with culture
- Celebrating and advocating for our cultural and natural heritage

- Improving digital connectivity

Achieving Best Value and High Performance

### Culture

- Expanding our equality objectives
- Embedding a culture of continuous improvement

### People

- Embedding a new Chief Executive's Office
- Harnessing the region's business voice

### Leadership

- Developing a shared vision
- Scenario planning for General and Mayoral elections

### Organisational Growth

- Exploring further devolution
- Developing a balanced financial plan

### Information

- Refreshing the evidence base underpinning our decisions

### Productivity

- Developing a best value operating model

### Processes

- Developing and embedding new Single Assurance, Risk and Performance Frameworks

Golden Thread



2.11	<b>Draft budget for 2024-25 and MTFP for the period 2024-25 to 2027-28</b>
2.12	The overarching objective is to set an affordable and balanced budget that supports delivery of the ambitions and priorities of the Mayor and the Combined Authority as set out in the approved Corporate Strategy. The draft Revenue and Capital budgets contained in this report reflect decisions taken by the Combined Authority Board up to and including its meeting in November 2023, in line with agreed accounting policies. Overall affordability remains the key factor in agreeing a balanced budget and this paper aligns areas of expenditure by the current Directorate structure with funding sources.
2.13	The focus to date has been on updating existing budgets for decisions taken in year by the Board, inflation and other known changes in expenditure and funding over the MTFP period, as well as reviewing options to drive further efficiencies within the Authority's operations. Opportunities for efficiencies are kept under constant review and during the course of the current financial year restructures in a number of areas, and the reduction in the use of interims, has created opportunities to increase investment in some areas approved by the Board during the year (including the Procurement Team and the New Economy Team) whilst maintaining enough funding headroom for new priorities to be included in the MTFP.
2.14	Efficiency has always had to be at the heart of the Combined Authority's operations. When the Authority was created in 2017 it was granted funding of £8m of 'gainshare' revenue and £12m of 'gainshare' capital for the subsequent 30 years. Whilst the early years of the Combined Authority saw relatively low levels of inflation, the spending power of that 'gainshare' has been eaten away far more rapidly by the high levels of inflation experienced over the last 18 months. Compared to April 2017, the Retail Price Index of inflation has risen by 39.8% by September 2023. Put another way, the Combined Authority would now need to have 'gainshare' revenue funding of £11.184m to have the same spending power as the £8m it had in 2017. This effective reduction in spending power has forced the Authority to continually review its operations to find efficiencies to both maintain the operations of the Authority and to invest in its priority programmes.
2.15	The Combined Authority is aware that it cannot achieve its scale of ambition with its resources alone and so will seek to work collaboratively with its Constituent Authorities, the Greater Cambridge Partnership, Central Government, local businesses and other local partners to leverage funding sources and ensure that the maximum impact, and value for money can be delivered from the resources devolved to the area.
2.16	Funding summaries for planned and projected Revenue and Capital expenditure over the lifetime of the MTFP are shown in Tables 1 and 2 below. These tables show the expected fund balances available in each year of the MTFP and are made up of balances on reserves brought forward and expected in year funding. The fact that both the overall balances for Revenue and Capital (after planned overprogramming is excluded) at the end of each year, and at the end of the MTFP period, are positive indicates that the budget is balanced and affordable before taking account of the options to improve the bus network as outlined later in the report.

Table 1 Revenue Funding Summary	2024/5				2025/6			2026/27			2027/28		
	Bal- ance at 1/4/24	Income	Ex- pendi- ture	Bal- ance at Year End	Income	Ex- pendi- ture	Bal- ance at Year End	Income	Ex- pendi- ture	Balance at Year End	Income	Ex- pendi- ture	Bal- ance at Year End
	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000
Revenue Single Pot	(13,812)	(13,740)	21,990	(5,562)	(10,000)	13,548	(2,014)	(9,240)	11,851	596	(8,840)	11,451	3,207
Mayoral Precept	-	(11,036)	11,036	-	(11,220)	11,220	-	(11,434)	11,434	-	(11,653)	11,653	-
Business Board Revenue Funds	(1,782)	(1,244)	1,227	(1,799)	(986)	1,227	(1,558)	(986)	766	(1,778)	(913)	194	(2,497)
Inflation Reserve	(2,400)	-	-	(2,400)	-	-	(2,400)	-	-	(2,400)	-	-	(2,400)
<i>Subtotal discretionary funds</i>	<i>(17,994)</i>	<i>(26,020)</i>	<i>34,253</i>	<i>(9,761)</i>	<i>(22,206)</i>	<i>25,995</i>	<i>(5,972)</i>	<i>(21,660)</i>	<i>24,051</i>	<i>(3,582)</i>	<i>(21,406)</i>	<i>23,298</i>	<i>(1,690)</i>
Transport Levy	(562)	(13,765)	15,039	713	(14,040)	15,348	2,020	(14,321)	15,654	3,353	(14,607)	15,956	4,701
Passenger Transport Grants	(529)	(2,725)	411	(2,843)	(411)	411	(2,843)	(411)	411	(2,843)	(411)	411	(2,843)
<i>Subtotal passenger transport funding</i>	<i>(1,091)</i>	<i>(16,490)</i>	<i>15,450</i>	<i>(2,130)</i>	<i>(14,451)</i>	<i>15,759</i>	<i>(823)</i>	<i>(14,732)</i>	<i>16,065</i>	<i>510</i>	<i>(15,018)</i>	<i>16,367</i>	<i>1,858</i>
Earmarked Reserves	(4,042)	(260)	-	(4,302)	-	780	(3,522)	(260)	-	(3,782)	(260)	-	(4,042)
Transport Ringfenced Rev grants	(150)	-	-	(150)	-	-	(150)	-	-	(150)	-	-	(150)
Adult Education Budget (AEB)	(1,785)	(12,927)	12,927	(1,785)	(12,927)	12,927	(1,785)	(12,927)	12,927	(1,785)	(12,927)	12,913	(1,799)
Skills Ringfenced Grants	(1,031)	(1,472)	2,831	328	-	-	328	-	-	328	-	-	328
Business Ringfenced Grants	(118)	-	-	(118)	-	-	(118)	-	-	(118)	-	-	(118)
SPF Revenue	(361)	(4,353)	4,190	(524)	-	-	(524)	-	-	(524)	-	-	(524)
Net Zero Hub	(1,346)	(2,873)	3,879	(340)	-	340	0	-	-	0	-	-	0
<i>Subtotal ringfenced funding</i>	<i>(8,833)</i>	<i>(21,885)</i>	<i>23,827</i>	<i>(6,891)</i>	<i>(12,927)</i>	<i>14,047</i>	<i>(5,771)</i>	<i>(13,187)</i>	<i>12,927</i>	<i>(6,031)</i>	<i>(13,187)</i>	<i>12,913</i>	<i>(6,305)</i>
<b>Grand Total</b>	<b>(27,918)</b>	<b>(64,395)</b>	<b>73,530</b>	<b>(18,783)</b>	<b>(49,584)</b>	<b>55,800</b>	<b>(12,566)</b>	<b>(49,579)</b>	<b>53,042</b>	<b>(9,103)</b>	<b>(49,612)</b>	<b>52,578</b>	<b>(6,136)</b>

Table 2 Capital Funding Summary	2024/5				2025/6			2026/27			2027/28		
	Bal- ance at 1/4/24	Income	Ex- pendi- ture	Bal- ance at Year End	Income	Ex- pendi- ture	Bal- ance at Year End	Income	Ex- pendi- ture	Balance at Year End	Income	Ex- pendi- ture	Bal- ance at Year End
	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000
Capital Gainshare	(29,230)	(12,000)	49,093	7,863	(12,000)	35,077	30,939	(12,000)	16,242	35,181	(12,000)	12,942	36,123
Recycled Growth Funds	(9,805)	(522)	2,559	(7,768)	(184)	-	(7,952)	(184)	-	(8,136)	-	-	(8,136)
<i>Subtotal discretionary funds</i>	<i>(39,035)</i>	<i>(12,522)</i>	<i>51,652</i>	<i>95</i>	<i>(12,184)</i>	<i>35,077</i>	<i>22,988</i>	<i>(12,184)</i>	<i>16,242</i>	<i>27,045</i>	<i>(12,000)</i>	<i>12,942</i>	<i>27,987</i>
Transforming Cities Fund	2,525	-	230	2,755	-	-	2,755	-	-	2,755	-	-	2,755
Capital Contingency Reserve	(1,500)	-	-	(1,500)	-	-	(1,500)	-	-	(1,500)	-	-	(1,500)
Transport Ringfenced Cap grants	(4,726)	(15,678)	16,138	(4,266)	(31,492)	31,492	(4,266)	-	-	(4,266)	-	-	(4,266)
Highways Capital Grants	-	(27,695)	27,695	-	(27,695)	27,695	-	(27,695)	27,695	-	(27,695)	27,695	-
SPF Capital	(24)	(4,462)	4,462	(24)	-	-	(24)	-	-	(24)	-	-	(24)
Net Zero Retrofit Grants	139	(35,419)	35,280	-	-	-	-	-	-	-	-	-	-
Housing	(9,693)	-	5,287	(4,406)	-	4,406	-	-	-	-	-	-	-
<i>Subtotal ringfenced funding</i>	<i>(15,804)</i>	<i>(83,254)</i>	<i>88,862</i>	<i>(10,196)</i>	<i>(59,187)</i>	<i>63,593</i>	<i>(5,790)</i>	<i>(27,695)</i>	<i>27,695</i>	<i>(5,790)</i>	<i>(27,695)</i>	<i>27,695</i>	<i>(5,790)</i>
<b>Grand Total</b>	<b>(52,314)</b>	<b>(95,776)</b>	<b>140,744</b>	<b>(7,346)</b>	<b>(71,371)</b>	<b>98,670</b>	<b>19,953</b>	<b>(39,879)</b>	<b>43,937</b>	<b>24,010</b>	<b>(39,695)</b>	<b>40,637</b>	<b>24,952</b>
<i>Slippage allowance</i>	<i>(8,605)</i>		<i>(7,467)</i>	<i>(16,072)</i>		<i>(5,307)</i>	<i>(21,379)</i>		<i>(2,462)</i>	<i>(23,841)</i>		<i>(2,155)</i>	<i>(25,996)</i>
<b>Revised Capital Forecast</b>	<b>(60,919)</b>			<b>(23,418)</b>			<b>(1,427)</b>			<b>169</b>			<b>(1,044)</b>



2.17	There remains a significant inflationary pressure on the staffing budget. The pay budget within the MTFP has been increased by 4% in 2024-25 and for each year thereafter, which is in line with many other Local Authorities. The actual pay award each year will be determined by national negotiations.
2.18	In response to the fact that much of the Combined Authority's revenue expenditure (excluding that which is ringfenced to specific projects) is relatively stable and not demand led, and that a prudent allocation for both pay and non-pay inflation has been made within these budgets, it is considered that a minimum level of general reserves equal to 2% of non-ringfenced revenue should be maintained for each year of the MTFP, and this has been built into the figures provided.
2.19	The Combined Authority delivers relatively few services directly and commissions the majority of its project work through delivery partners, including Constituent Councils. As the Authority's staff are therefore further removed from the construction of physical projects the majority of staff costs are not capitalised. This, along with the fixed costs which come with any Authority regardless of size, result in a relatively higher proportion of staff costs within the revenue budget than is common in Local Authorities.
2.20	There are no projects proposed to be funded by borrowing in the draft capital programme.
2.21	The forecast income from the Combined Authority's Treasury Management portfolio has been increased from that included in the 2023-24 budget to reflect the recent rises in UK interest rates and forecast cash volumes available for investment. It is, however, forecast that the income from Treasury Management in 2024-25 and in future years will be significantly lower than that which is now forecast to be received in 2023-24.
2.22	The Combined Authority maintains two separate Response Funds. The Corporate Response Fund enables the organisation to rapidly react to emerging ideas, concepts, and Central Government policy. Use of this funding requires the approval of the Chief Executive. The Programme Response Fund allows flexibility to respond to relatively larger emerging issues and opportunities. The Programme Response Fund requires Board approval prior to allocation.
2.23	<p>Other principles and assumptions adopted in the development of the proposed draft budget and MTFP are detailed in Appendix B and include:</p> <ul style="list-style-type: none"> <li>- Budget preparation has taken account of the level of reserves brought forward from previous financial years, and of expected annual funding streams from 2024-25 onwards to ensure that spending plans continue to be affordable.</li> <li>- The 2024-25 Budget and MTFP provides a clear presentation of capital and revenue budgets based on the current Directorate structure.</li> <li>- The staffing structure and budgets have been delegated from the Chief Executive to members of the Corporate Management Team for them to control.</li> <li>- The Budget and MTFP identifies staffing costs and other contributions to overheads associated with grant funded programmes and these are recharged to the relevant directorate budget line.</li> <li>- The Budget takes a prudent approach to funding – new funding sources are not recognised until funding agreements have been received from Government. This can result in some budgets not being recognised as funding is expected but not yet fully confirmed. For example the Combined Authority has been allocated £5.5m, expected in early 2024/25, for delivery of local Electric Vehicle infrastructure but no funding agreement has been received and so the income and expenditure is not reflected in the MTFP.</li> <li>- Minor changes to the draft budget have been made since the consultation draft was approved in November, reflecting confirmation of some grant funding, updating of known costs in some areas and rephrasing of the capital programme to reflect the latest anticipated timescales for expenditure. These changes do not materially impact the overall budget position.</li> </ul>
2.24	The attached appendices provide the summary positions and detailed supporting schedules for both the Capital Programme (Appendix C) and Revenue Expenditure (Appendix D). New proposals for investments in both capital and revenue are included in Appendices E (Capital) and F (Revenue) and the major proposed investments are described in the relevant sections relating to Directorate Budgets (below).

2.25	<b>DIRECTORATE BUDGETS</b>
2.26	<b>EMPLOYMENT AND GROWTH</b>
2.27	The Employment and Skills Strategy and Economic Growth Strategy, both approved by the Board in 2022, set out challenges and opportunities to deliver on the overarching vision defined in the devolution deal.
2.28	The Employment and Skills Strategy recognises that to address the systemic skills challenges is a long-term project and therefore a number of longer-term system change outcomes have been identified. We will continue to work with partners to drive forward this ambition.
2.29	In terms of employment and skills this means: <ul style="list-style-type: none"> <li>- <b>Inspiring more young people into careers that can transform their life chances</b>, raising social mobility across the Combined Authority, and especially in Peterborough and Fenland.</li> <li>- <b>Tackling the inequalities in access to further (FE) and higher education (HE)</b> that hold back life chances and progress to improve related health and social outcomes. Building FE and HE capacity to provide more adults, of all ages, with an education able to improve their access to better jobs and prosperity and raising the proportion of the population in the north of the region gaining a NVQ4 or above qualification. Chief amongst our aspirations to raise life chances through education, is the further development of the University of Peterborough.</li> </ul>
2.30	However, filling the higher-level skills gap in Peterborough and the Fens will have limited impact on real lives without effective measures to significantly grow the business demand for those skills. This will require concurrent development of the innovation and business support eco-system to grow indigenous high-value firms and attract new ones more evenly across our region.
2.31	Green and inclusive business growth support is key to levelling-up, already well underway through an integrated and powerful array of support that accelerates our recovery by strengthening our businesses and workforce capacity for growth. The Growth Works Service is coming to an end in December 2023, having delivered strong jobs growth, and the following existing services will be replaced by a series of tailored solutions that will be delivered in conjunction with our partners: <ul style="list-style-type: none"> <li>- <b>A Growth Coaching Service</b> to engage and support our highest potential firms to speed their growth, build their capacity for growth, and sustain their period of growth.</li> <li>- <b>An Inward Investment Service</b> to better connect us into global markets, to engage and persuade firms to locate into our economy or invest in our strategic projects.</li> <li>- <b>A Skills Brokerage Service</b> to link learners and those retraining for new jobs, to employers and skills providers to improve the supply of skills to our growth sectors.</li> <li>- <b>A Capital Growth Investment Fund</b> to help SMEs, grow through organic expansion, offering an integrated range of grants, loans and equity products unavailable</li> </ul>
2.32	Within the proposed Capital Programme there is a further £20m over the MTFP period to support both skills provision and business growth through the development of a Strategic Growth Fund. The projects to be supported by this fund will be approved in the future through the new SAF prioritisation process, however it is anticipated that at least £5m of this fund will be used to help fund important infrastructure at Peterborough University. In addition to the £20m Strategic Growth Fund, a further £3m will be allocated to the development of a regional creative industries hub in Cambridge.
2.33	Contributing to delivery of Levelling Up across all of the Combined Authority will be the portfolio of projects being delivered via the UK Shared Prosperity Fund and Rural England Prosperity Fund. Place based innovation is key to levelling-up. As demonstrated in Cambridge, research is fundamental to achieving this - it produces the new ideas and technologies that enable entrepreneurs to start up, existing businesses to scale-up and for new tech-firms to spin-out of universities. Now that the university of Peterborough has started delivery from its first building with the second being ready for occupation and the third being built, it is time to deliver on the ambition to increase innovation-based business growth in the north of the region by replicating and extending the infrastructure and networks that have enabled Cambridge to become a global leader in innovative growth. Future phases of the university project will help to realise this

2.34	Within the proposed Capital Programme there is a further £10m over the MTFP period to help support areas and communities across the region to 'level-up' further. The individual projects to be funded from this sum will be subject to further approval in line with the approved SAF process.
2.35	<b>PLACE AND CONNECTIVITY</b>
2.36	The Combined Authority is the area's Strategic Transport Authority, as such it has responsibility for creating and owning the statutory Local Transport and Connectivity Plan (LTCP) – this sets out the long-term strategy to improve transport for both the people and businesses of Cambridgeshire and Peterborough, with our constituent Council's Local Plans adhering to the LTCP. Reflecting the impact that internet connectivity has on transport needs, the Combined Authority has rolled Connectivity into the Plan forming the LTCP. Following public engagement, formal public consultation and significant discussions with key stakeholders it is hoped that the final document will be approved by the Board soon. Following approval further work will be undertaken to develop other documents within the Plan's suite, such as modal and geographical specific strategies and policies.
2.37	Along with the LTCP the Combined Authority has responsibility for shaping the bus network across the region. This includes paying for concessionary fares as well as supporting bus services to ensure key areas not served by commercial bus services of the County are better connected. The Combined Authority with partners have revised our Bus Service Improvement Plan that was previously submitted to government following collaborative working with our local bus services, the Greater Cambridge Partnership and the Local Highways Authorities. The BSIP, which remains in draft form, strongly aligns to the emerging Bus Strategy that sets out our vision for a bus network for the area that is fast, frequent, reliable, and ready to help drive a modal shift in transport. Government made a BSIP + allocation of £4.6 million to the Combined Authority earlier this year in two £2.3m tranches. Proposals for the first tranche of funding are included in the Bus Strategy item elsewhere on this agenda. In order to both encourage more utilisation of the buses by the young people in the region, as well as to help with the cost of living crisis, it is proposed that a significant part of the revenue headroom in the MTFP (£3.85m), along with £550k of the BSIP+ allocation mentioned above, be used to reduce the single fares for those under 25 travelling on buses within the region to £1 per journey until May 2025.
2.38	The landscape for bus provision across the region has changed markedly over the last couple of years, giving a need to revisit the strategy for taking the bus network forward. There are significant challenges – lower patronage, cuts in commercially-viable services and increasing unreliability due to traffic and driver shortages. Meanwhile, the ambitions for what the bus network needs to achieve are growing, as set out in the Combined Authority's Local Transport and Connectivity Plan to dramatically boost bus provision and in parallel cut private vehicle travel by 15%. Achieving this will see bus patronage more than double, compared to 2019 levels, with some 60-75 million passenger journeys anticipated. Therefore, the Combined Authority has undertaken a review of the subsidised network, with a set of recommendations for the Board to consider elsewhere on this agenda. The Combined Authority is also continuing work, agreed by the Board in September, to audit the outline business case for bus reform, which includes an assessment of the case for franchising or an enhanced partnership. This is due to be reported to the Board in January.
2.39	The Transport team also programme manage a portfolio of large capital projects delivering journey improvements and public health benefits across the region to help deliver the Combined Authority's corporate plan objectives, in particular to enhance connectivity. These projects are predominantly funded by the Transforming Cities Fund, a £95m fund devolved to the area with the Combined Authority able to direct to where it will create the greatest impact.
2.40	A total of £36.5m is included in the draft Capital Programme for additional transport schemes across the region to enable continued work on existing priority projects as well introduce and support other programmes and projects that address corporate and mayoral priorities. Projects include improvements to active travel across the region, better rail station and bus stop infrastructure, more funding to support road safety and 'Vision Zero and priority road junction improvements to improve safety and reduce congestion in both March and on the A16 in Peterborough.
2.41	The Directorate is also responsible for an overall spatial framework for the area and the delivery of the statutory local Nature Recovery Strategy. It supports implementation of the Climate Action Plan, taking forward the recommendations of the Cambridgeshire and Peterborough Independent Commission on Climate, with wide ranging implications for both the public and private sectors in the Combined Authority.

2.42	A further £9m of Capital and £2m of revenue is included in the MTFP proposals to help deliver the Climate Action Plan and Local Nature Recovery Strategy, as well as developing innovative ways to support infrastructure being affected by climate change (e.g. the Fen roads) and to support the delivery of new requirements on biodiversity for constituent councils. The MTFP proposals also include an allocation to take forward the findings from the Infrastructure Delivery Framework, which is working with partners to identify the obstacles to sustainable growth across the area and set out costed solutions. Final allocations from these climate funds will be proposed by the Environment & Sustainable Communities Committee and, if
2.43	Housing also lies within the remit of the Directorate. The CPCA Board paper on the future of Housing (June 2022) recognised that there is a need to deliver genuinely affordable housing across the Combined Authority Area, however with no further financial support from DLUHC beyond the end of the current programme the CPCA does not have the financial support to deliver anything significant and regional housing support will have to come through Homes England.
2.44	Whilst there are no immediate prospects of significant funding being received from government to develop further housing in the region, it is considered that the CPCA should retain some basic capability to bid for any future Housing grant or funding opportunities that may arise, particularly through further devolution. The current Housing Loans programme has recently been completed with the final loan repayment received.
2.45	<b>CHIEF EXECUTIVE'S OFFICE AND RESOURCES AND PERFORMANCE</b>
2.46	These two Directorates cover those services which support the business of the Authority. The Chief Executive's Office includes policy, communications and the secretariat. Resources and Performance comprises finance, legal, governance and audit, procurement, HR and the Programme Management Office. Two of the three statutory officers, the Monitoring Officer and the Chief Finance Officer, are based in this Directorate. Additionally, the Greater South East Net Zero Hub resides in the Resources and Performance Directorate. The Hub provides support, advice and guidance across many local authority areas to support the drive to net zero emissions, as well as managing major contracts and programmes on behalf of government across that geography.
2.47	<b>SECTION 25 STATEMENT</b>
2.48	Section 25 of the Local Government Act 2003 places requirements on the Section 73 Officer in determining the Authority's budget for the forthcoming financial year to report on the robustness of the estimates made for the purposes of the calculations and on the adequacy of the proposed financial reserves. This assessment is based upon the current pause on funding from the Department of Levelling-Up, Housing and Communities ceasing, the Combined Authority continuing to operate on an on-going basis, and with a minimum £20m gainshare (£8m revenue and £12m capital) to be funded from Central Government.
2.49	Paragraphs 2.16-2.22 above cover the rationale behind the key assumptions in the budget and the quantum of reserves maintained in the MTFP. Further detail regarding the assumptions is also included as Appendix B to the report. There is also a very clear link between the draft Corporate Strategy (included as Appendix A to this report) and the MTFP to ensure that all strategic objectives and deliverables contained in the draft Corporate Strategy have funding allocated to them.
2.50	From a Section 73 Officer perspective, given the prudent assumptions regarding income, expenditure, inflation and risk which have been used when drawing up the draft budget and MTFP, and the close link between the Corporate Strategy and MTFP, I am content that the estimates are sufficiently robust for the purposes of setting an effective budget and MTFP to deliver the strategic objectives included in the draft Corporate Strategy.
2.51	Additionally from a Section 73 Officer perspective I am content that the proposed level of reserves, taking into account the unallocated contingency funds also contained in the MTFP, are adequate given the existing known and emerging risks facing the Combined Authority.
2.52	<b>CONSULTATION RESPONSES</b> The Combined Authority consulted on the draft MTFP and the budget option from Thursday 30th November to Monday 15th January.

	<p>We consulted with residents, business and key stakeholders with the objective to build awareness of our role and our responsibilities, our financial obligations and gain feedback and input on our plans. A copy of the questionnaire is attached as Appendix F to this report.</p> <p>Our central aim was to create greater awareness of the role and responsibilities of the Combined Authority, demonstrate the impact we are already having on communities and business across our region and ensure audiences had the opportunity to share their views about what is important to them. We did this by liaising with constituent councils to identify the most suitable locations to provide hard copies of the consultation document and the questionnaire alongside a comprehensive digital campaign. Both were underpinned by an online consultation form where consultees can have their say.</p> <p>We asked audiences to prioritise proposed deliverables within the Corporate Plan and give their views on how their priorities could be funded. We also asked respondents to sign up to receive future updates from the Combined Authority to maintain engagement.</p> <p>Responses from the consultation have helped to shape the proposals that Combined Authority Board consider in both the Combined Authority MTFP and the Mayor’s budget proposal.</p> <p>The consultees on the draft budget and MTFP included the following organisations:</p> <ul style="list-style-type: none"> <li>• Cambridge City Council</li> <li>• Cambridgeshire County Council</li> <li>• East Cambridgeshire District Council</li> <li>• Fenland District Council</li> <li>• Huntingdonshire District Council</li> <li>• Peterborough City Council</li> <li>• South Cambridgeshire District Council</li> <li>• The Business Board</li> <li>• CPCA Overview and Scrutiny Committee</li> <li>• Greater Cambridge Partnership</li> <li>• Integrated Care Board</li> </ul>
2.53	<p>The responses to the consultation are included as Appendix G to the report and are summarised below:</p> <p><b>Background</b></p> <p>In total, 458 full survey responses were received from residents across the Combined Authority region. As well as the surveys, the Combined Authority received twenty-three written submissions to the consultation, some of these were organisational responses to the consultation, others were individual submissions.</p> <p>In addition to the survey, the Mayor of Cambridgeshire &amp; Peterborough took part in four events to discuss the draft 2023-25 Corporate Plan Refresh, draft 2024-25 budget (including Mayoral Precept proposals) and the draft Medium Term Financial Plan 2024-25 to 2027-28. These events took place in Peterborough, Cambridge and Huntingdon and involved the Mayor talking to residents, community groups and SMEs about the Combined Authority’s priorities and spending plans.</p> <p>52% of respondents supported a precept of £36 for a Band D property to help pay for additional bus routes and more frequent services on existing routes. 70% of respondents supported some form of precept to pay for these improved bus services. Respondents provided a large number of ideas regarding potential additional bus routes and/or more frequent services on existing routes.</p> <p><b>High-Level Corporate Strategy Findings</b></p> <p>One in seven participants use local buses most weeks and about one in ten use them most days. Three in ten survey respondents use them a few times a month. The remainder, almost a half, do not use the local bus services. More reliable bus services and more bus routes are the two key factors that survey respondents said are most likely to encourage them to take buses more frequently.</p> <p>Delivering high-quality apprenticeships is the most popular CPCA work programme activity in the survey followed by improving transport links in rural areas. Among the activities which are most supported by survey participants, there is a strong focus on the ‘Ambitious Skills and Employment Opportunities’ strategic objective.</p>

	<p>Eight in ten participants are looking for the combined authority to work in partnership with education and skills providers to increase local employment and educational opportunities. This is underpinned by similar support for making sure adult learners can access educational courses. Equally, eight in ten participants support sustainable agriculture for the region.</p> <p>By comparison to activities with the most support, participants are most 'unsure' about plans to designate the Fens as a special area, developing an Infrastructure Delivery Framework and increasing commercial space for businesses to grow.</p> <p>There are no activities where most participants are not supportive. This said, four in ten are not supportive of finding money for new roads and three in ten are not supportive of improving the infrastructure for electric vehicles. A quarter are not supportive of extending commercial space for businesses or delivering the Local Net Zero Programme 2022-2025.</p> <p>Seven in ten participants said that they feel they know at least a little about Cambridgeshire &amp; Peterborough Combined Authority. Three in ten participants said that they are 'Very much' informed about the combined authority.</p>
2.54	Appendix G also includes the detailed responses from the Overview & Scrutiny Committee and the Business Board. Both were generally supportive of the draft Corporate Strategy and the proposed MTFP but felt unable to comment on the proposed precept as a list of the potential routes to be funded would not be available until after the consultation had concluded.

### 3. Background

3.1	It is a statutory requirement for the Authority to set and approve a budget every year and good practice to develop a longer-term Corporate Strategy which drives a Medium-Term Financial Plan. The proposals in this report strengthen this best practice in line with the work being undertaken through the Improvement Programme.
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### 4. Appendices

4.1	Appendix A. Draft Corporate Strategy
4.2	Appendix B. Assumptions underpinning the draft MTFP
4.3	Appendix C. Detailed proposed Capital Programme
4.4	Appendix D. Detailed proposed Revenue Programme
4.5	Appendix E. New Capital Investment proposals
4.6	Appendix F. New Revenue Investment proposals
4.7	Appendix G. Responses to the consultation
4.8	Appendix H. "Your Views Count" survey responses

### 5. Implications

#### Financial Implications

5.1	The financial implications are contained in the body of the report.
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#### Legal Implications

5.2	Under powers granted by the Combined Authorities (Finance) Order 2017, elected Mayors may raise a precept on Constituent Authorities Council Tax bills under section 107G of the Local Democracy Economic Development and Construction Act 2009. A Mayoral Precept may only be issued in relation to the costs of the Mayor or of discharging Mayoral Functions. The Mayoral functions are set out in Article 12 of the Cambridgeshire and Peterborough Combined
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	<p>Further, under Section 25 of the Local Government Act 2003, the Authority's Chief Financial Officer (the Treasurer) is required to report on the robustness of the estimates made for the purposes of the budget and levy calculations and the adequacy of the proposed reserves. This information enables a longer-term view of the overall financial position to be taken.</p> <p>This report is submitted to the Board in accordance with the Budget procedure rules. The CPCA has a statutory duty to have regard to the report of the Chief Finance Officer when making decisions about its budget calculations. The legal and governance processes that need to be completed include consideration by Overview and Scrutiny Committee and the Combined Authority Board.</p> <p>As a public authority which has the power to levy for transport functions and to raise a precept, the Cambridgeshire and Peterborough Combined Authority must set a budget every year which is agreed through its formal decision-making processes.</p> <p>Some savings proposals may only be delivered after specific statutory or other legal procedures have been followed and/or consultation taken place. Where consultation is required, the CPCA cannot rule out the possibility that they may change their minds on the proposal because of the responses to a consultation, and further reports to the CPCA Board may be required.</p> <p>If General Fund Reserves are used to support the budget, they may need to be reimbursed at the earliest opportunity to provide the necessary, margin of safety in future years.</p> <p>Apart from statutory duties relating to specific proposals the CPCA must consider its obligations under the Equality Act and its best value duties.</p>
Public Health Implications	
5.3	The Corporate Strategy seeks to improve health across the region with some outcomes detailed in each priority area. Health is also a key assessment criteria as part of the supporting strategic framework. As a result of the delivery of this strategy, health outcomes are expected to improve.
Environmental & Climate Change Implications	
5.4	The Corporate Strategy seeks to address climate impact and enable further resilience across the region. Each priority area is expected to be sustainable and seek positive environmental contributions; specifically the Enabling Resilient Communities priority area will drive key deliverables to address climate related impact. Climate and Nature is also a key assessment criteria as part of the supporting strategic framework. As a result of the delivery of this strategy, impact on climate outcomes are expected to improve.
Other Significant Implications	
5.5	None
Background Papers	
5.6	